



STATE OF VERMONT

Department of Banking, Insurance, Securities & Health Care Administration (BISHCA)

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Michael S. Bertrand, Commissioner

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Commissioner Limits Rate Increases for FY 2011 Vermont Hospital Budgets

Montpelier, VT – Mike Bertrand, Commissioner of Banking, Insurance, Securities, and Health Care Administration (BISHCA), announced his decision today on the 2011 budgets for Vermont hospitals. Net patient operating revenues at Vermont’s 14 hospitals will increase by a system wide average of 4.4% – easily the lowest increase since the beginning of the decade – while rates will rise by a system wide average of 5.44%, the smallest increase in several years.

For the first time, hospitals had been given certain budget targets as Vermont continues efforts to control health care spending. Act 128 of the 2010 session of the Vermont Legislature requested the Commissioner of BISHCA hold total system wide net patient operating revenues to 4.5% or less, and to hold overall rate increases to a system wide average under 5.9%. Both of those goals were met.

"Vermont's hospitals should be commended for the strong steps they took this year to control costs and for meeting the targets set by the Legislature and BISHCA," said Commissioner Bertrand. "This was the first year that our hospitals have had to deal with these specific system wide targets and they responded well to that challenge, as is evident by the modest changes we made to the 2011 budgets."

"Looking forward, the targets set for the 2012 budget year are even more aggressive, as system wide net patient revenue increases must not exceed 4%, and system wide rate increases must be lower than this year," Bertrand continues. "At the same time, our hospitals also have to deal with a still-sputtering economic recovery, and the changes brought about by the federal health care reform law. With that in mind, I felt it necessary to allow some hospitals to strengthen their balance sheet to prepare for the challenges ahead."

Commissioner Bertrand established the following rates for the FY 2011 hospital budgets:

Table with 3 columns: Hospital Name, Requested Rate, Revised Rate. Rows include Brattleboro Memorial Hospital, Central VT Medical Center, Copley Hospital, Fletcher Allen Health Care, Gifford Medical Center, Grace Cottage Hospital, Mount Ascutney Hospital, North Country Hospital, Northeastern VT Regional Hospital, Northwestern Medical Center, Porter Medical Center, Rutland Regional Medical Center, Southwestern VT Medical Center, Springfield Hospital, and System Wide.

About the 2011 Budget Targets

Part of the Department's mission is to help ensure Vermonters have access to affordable, quality health care. In keeping with that mission, the Legislature recently reaffirmed BISHCA's charge to oversee hospital budgets. Hospitals were instructed to prepare budgets according to targets designed to lower rates and overall revenue growth. The targets were developed to help alleviate cost increases to consumers, including minimizing the impact on health insurance rates.

Act 128 of 2010 requires that hospital budgets must be consistent with the Health Resource Allocation Plan adopted by the Governor on July 1, 2009; must compare to appropriate national, in-state, regional and peer group norms; must evidence efficient and economic operation of the hospital; and must reflect budget performance in prior years.

In establishing this year's hospital budgets, Commissioner Bertrand considered the comments of the Public Oversight Commission and also evaluated the following factors:

- Department targets for inflation and utilization increases
- Limits on new programs and capital investments
- Changes occurring in government and insurance reimbursement
- Pressures in the overall economy
- Hospital physician acquisitions
- Challenges associated with recruiting medical professionals to Vermont
- Hospital investments in information technology
- The need for operating margins
- A hospital's budget performance in prior years
- Price, quality, and patient satisfaction information
- The unique circumstances of each hospital

The Commissioner's complete written Order that includes all updated budget reporting and filing requirements will be delivered to the hospitals on October 1.

For more information, call Mike Davis at the Division of Health Care Administration: 802-828-2989.

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